

such company and guaranteed by the Administration under this section.

"(c) LOSS RESERVE.—

"(1) ESTABLISHMENT.—A company designated as a premier certified lender shall establish a loss reserve for financings approved pursuant to this section.

"(2) AMOUNT.—The amount of the loss reserve shall be based upon the greater of—

"(A) the historic loss rate on debentures issued by such company; or

"(B) 10 percent of the amount of the company's exposure as determined under subsection (b)(2)(C).

"(3) ASSETS.—The loss reserve shall be comprised of segregated assets of the company which shall be securitized in favor of the Administration.

"(4) CONTRIBUTIONS.—The company shall make contributions to the loss reserve in the following amounts and at the following intervals:

"(A) 50 percent when a debenture is closed.

"(B) 25 percent not later than 1 year after a debenture is closed.

"(C) 25 percent not later than 2 years after a debenture is closed.

"(d) LOAN APPROVAL AUTHORITY.—

"(1) IN GENERAL.—Notwithstanding section 503(b)(6),

and subject to such terms and conditions as the Administration may establish, the Administration may permit a company designated as a premier certified lender under this section to approve loans that are funded with the proceeds of a debenture issued by such company and may authorize the guarantee of such debenture.

"(2) SCOPE OF REVIEW.—The approval of a loan by a premier certified lender shall be subject to final approval as to eligibility of any guarantee by the Administration pursuant to section 503(a), but such final approval shall not include review of decisions by the lender involving creditworthiness, loan closing, or compliance with legal requirements imposed by law or regulation.

"(e) REVIEW.—After the issuance and sale of debentures under this section, the Administration, at intervals not

greater than 12 months, shall review the financing's made by each premier certified lender. The review shall include the lender's credit decisions and general compliance with the eligibility requirements for each financing, and approved under the program authorized or under this section.

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The Administration shall consider the findings of the review in carrying out its responsibilities under subsection (f), but such review shall not affect any outstanding debenture guarantee.

"(f) SUSPENSION OR REVOCATION.—The designation of a State or local development company as a premier certified lender may be suspended or revoked if the Administration determines that the company—

"(1) has not continued to meet the criteria for eligibility under subsection (b);

"(2) has not established or maintained the loss reserve required under subsection (c);

"(3) is failing to adhere to the Administration's rules and regulations; or